

<b>Agency:</b>	<b>107 Health Care Authority</b>
<b>Decision Package Code/Title:</b>	<b>ML2-FA Administer Medicaid SSA Function</b>
<b>Budget Period:</b>	<b>2015-17 Biennial Submittal</b>
<b>Budget Level:</b>	<b>ML2 – Maintenance Level 2</b>

### **Recommendation Summary Text**

The Health Care Authority (HCA) requests \$1,878,000 (\$936,000 GF-State) for 8.0 FTEs in the 2015-17 biennium to adequately manage the agency's responsibilities as the Medicaid Single State Agency.

### **Package Description**

State law identifies the HCA as the Medicaid Single State Agency (SSA). This designation places all authority and responsibility for the Medicaid program in the HCA regardless of which agency operates Medicaid programs. This designation applies to all physical health, behavioral health, long term care and developmental disabilities programs spending Medicaid funding. The federal funding authority Centers for Medicare and Medicaid Services (CMS) has mandated that the HCA be the single point of contact for all Medicaid services and issues. The HCA must be the lead on all phone calls, meetings, negotiations, discussions and decisions for all Medicaid programs.

The SSA requirement places a significant workload on the HCA that was not contemplated when the Medicaid Purchasing Administration was carved out of the Department of Social and Health Services (DSHS) in 2010. The HCA is not staffed for this requirement, causing tension with the DSHS and the CMS. State Medicaid policies and funds are at risk of disallowance if continued insufficient staffing for the SSA function continues. Funding is needed to adequately staff the SSA requirement, including management of the SSA function and clinical, program and financial staff to assist in the SSA work.

To show the workload at the HCA, we list the requested FTEs duties here –

- Medicaid Director's Office – coordinate with Washington State agencies administering Medicaid programs and the CMS, and act as the responsible entity for the SSA requirements. Staff oversee clinical, programmatic and financial activities for all Medicaid programs.
- Financial Services – monitor and oversee funding request submittals, cost allocation requirements, claiming process, cash draws and financial reporting. Staff collect information, verify accuracy, report to the CMS and coordinate responses to questions and requests. The Affordable Care Act (ACA) has increased federal funding and financing complexity. Funding doubled under the ACA requires additional work and controls to appropriately manage cash sent to the State under the Medicaid program. The CMS is also increasing their efforts to monitor and audit Medicaid programs. All of these place additional workload on state staff.
- Internal Auditor –manage multi-entity oversight responsibility. This auditor would ensure that the HCA is prepared to handle more intense and sustained federal requirements, including additional scrutiny from the U.S. Department of Health & Human Services' Office of Inspector General (OIG), and serve as liaison for external audits conducted by the OIG and

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provide guidance and training to state staff on risk identification and controls necessary to provide assurance that federal funds are used as intended.

- Healthcare Services – act as clinical authority for Medicaid programs administered in Washington State, including auditing chart information, verifying clinical data on Medicaid programs, designing and monitoring clinical systems for Medicaid programs and verifying improvements when corrective action is mandated.

Questions related to this request should be directed to Wendy Tang at (360) 725-0456 or at [Wenfang.Tang@hca.wa.gov](mailto:Wenfang.Tang@hca.wa.gov).

## **Fiscal Detail/Objects of Expenditure**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>1. Operating Expenditures:</b>			
Fund 001-1 GF-State	\$ 484,000	\$ 452,000	\$ 936,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 487,000	\$ 455,000	\$ 942,000
<b>Total</b>	<b>\$ 971,000</b>	<b>\$ 907,000</b>	<b>\$ 1,878,000</b>
	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>2. Staffing:</b>			
Total FTEs	8.0	8.0	8.0
	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>3. Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 615,000	\$ 615,000	\$ 1,230,000
B - Employee Benefits	\$ 171,000	\$ 171,000	\$ 342,000
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ 117,000	\$ 117,000	\$ 234,000
G - Travel	\$ 4,000	\$ 4,000	\$ 8,000
J - Capital Outlays	\$ 64,000	\$ -	\$ 64,000
N - Grants, Benefits & Client Services	\$ -	\$ -	\$ -
Other (specify) -			\$ -
<b>Total</b>	<b>\$ 971,000</b>	<b>\$ 907,000</b>	<b>\$ 1,878,000</b>
	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>4. Revenue:</b>			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 487,000	\$ 455,000	\$ 942,000
<b>Total</b>	<b>\$ 487,000</b>	<b>\$ 455,000</b>	<b>\$ 942,000</b>

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## **Narrative Justification and Impact Statement**

### **What specific performance outcomes does the agency expect?**

The funding provided in this request will ensure that Washington State Medicaid resources and programs will operate effectively and in compliance with federal rules, policies and requirements. The risk of loss of federal Medicaid funds will be reduced through the identification and mitigation of program issues and weaknesses. Washington State will be more efficient and effective in communicating with the CMS, reducing time lags in issue resolution, state plan approval and funding approvals.

### **Performance Measure Detail**

#### **Activity Inventory**

H001 HCA Administration

### **Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

The HCA has goals related to being a trusted steward of public resources, working in a culture of collaboration and to effectively lead from an enterprise point of view. Ensuring the CMS relationship and working protocols are effective and efficient is integral to all of these goals. The CMS expects Washington State to work within defined norms; this proposal ensures this requirement is met.

### **Does this decision package provide essential support to one or more of the Governor's Results Washington priorities?**

This request supports "Healthy and Safe Communities" and "Efficient, Effective and Accountable State Government".

Healthy and Safe Communities is supported by the reduction in risk of disallowance or denial of Medicaid funding and program approval. Without appropriate resources to support the Medicaid program relationship with the CMS Washington State will risk eventual disallowance of funds and denial of important programmatic advancements.

Efficient, Effective and Accountable State Government are supported by a better process and support for communication, information exchange and issue resolution for programs funded by the federal Medicaid program. Washington is a leader in efficient state government; this proposal helps to continue that leadership.

### **What are the other important connections or impacts related to this proposal?**

Stakeholders affected by this proposal include the DSHS Medicaid programs and the federal Medicaid agency, the CMS. The relationship with the CMS must be maintained to ensure appropriate funding and program structure of Medicaid programs operated by the DSHS (Long Term Care, Developmental Disabilities and Behavioral Health). A single point of contact for the CMS is a requirement. The state must ensure that the DSHS is appropriately supported by the SSA structure while abiding by the single point of contact requirement. This proposal supports the DSHS' needs for access to the CMS as well as the CMS requirements for one point of contact.

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**What alternatives were explored by the agency, and why was this alternative chosen?**

The HCA has been attempting to meet the SSA requirement within existing staff to date; the results are not acceptable from the standpoint of the CMS or the DSHS. Insufficient staff resources for this effort have resulted in delayed discussions with the CMS on outstanding issues, questions of state responsiveness and an inability to show the state is addressing issues on a timely basis with appropriate response levels.

**What are the consequences of adopting this package?**

If this proposal is adopted, Washington State will ensure a smooth operating Medicaid program with effective communication to and from the federal funding agency. Issues will be resolved on a timely basis without risk to funding for Medicaid programs.

**What is the relationship, if any, to the state capital budget?**

None

**What changes would be required to existing statutes, rules, or contracts, in to implement the change?**

None

## **Expenditure and Revenue Calculations and Assumptions**

*Revenue Calculations and Assumptions:*

The HCA assumes that the funding requested will be eligible for federal Medicaid match funding equal to 50 percent of the total cost.

*Expenditure Calculations and Assumptions:*

- Medicaid Director's Office – Four FTEs
  - The three WMS band staff are at the management level, average cost of \$90,000 per year;
  - The FTEs cost in fiscal year 2016 is \$496,000 including one time equipment cost of \$32,000; the FTEs cost in fiscal year 2017 is \$464,000;
  - Four FTEs cost in the 2015-17 biennium is \$960,000.
- Financial Services – Two FTEs
  - Staff are at the Financial Analyst level;
  - The FTEs cost in fiscal year 2016 is \$219,000 including one time equipment cost of \$16,000; the FTEs cost in fiscal year is \$203,000;
  - Two FTEs cost in the 2015-17 biennium is \$422,000.
- Internal Auditor – One FTE
  - Staff is at the internal auditor level;
  - The FTE cost in fiscal year 2016 is \$117,000 including one time equipment cost of \$8,000; the FTE cost in fiscal year 2017 is \$109,000;

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- One auditor cost in the 2015-17 biennium is \$226,000.
- Healthcare Services – One FTE
  - Staff is clinical, at the nurse level;
  - The FTE cost in fiscal year 2016 is \$139,000 including one time equipment cost of \$8,000; the FTE cost in fiscal year 2017 is \$131,000;
  - One nurse cost in the 2015-17 biennium is \$270,000.

Overall, the eight FTEs cost in the 2015-17 biennium is \$1,878,000 including \$936,000 GF-State and \$942,000 GF-Federal.

**Which costs, savings, and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?**

*Distinction between one-time and ongoing costs:*

Equipment funding for FTEs is one-time, all other costs are ongoing.

*Budget impacts in future biennia:*

Funding for FTEs continues into future biennia.